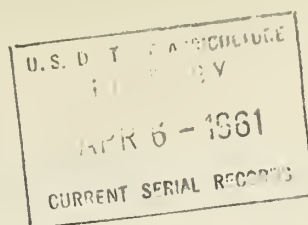


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# Prospects for Foreign Trade in

**LIVESTOCK AND MEAT**

Foreign Agricultural Service  
UNITED STATES DEPARTMENT OF AGRICULTURE  
January 1961

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# PROSPECTS FOR FOREIGN TRADE IN LIVESTOCK AND MEAT

## SUMMARY

Prospects are for continued large world trade in livestock and meat products during 1961. The United States will again be both an important exporter and importer, moving large quantities of byproducts abroad, but bringing in less meat and perhaps fewer feeder cattle than the relatively large imports of 1960.

Beef imports will remain high but below those of 1960, as domestic beef production continues to increase. As in the past, imports will largely be boneless beef for processing because of the continued strong demand for hamburger, frankfurters, and other processed beef products. U. S. imports of processing mutton, which amounted to 47 million pounds in 1959, declined considerably in 1960, and this trend is expected to continue in 1961 with the prospective increase in U. S. production of lower grade beef.

Cattle numbers in both Canada and the United States are increasing, indicating that imports of feeder cattle from Canada may not change much from 1960 to 1961. Demand for cattle in Mexico continues to rise, suggesting no increase in exports to the United States during the year.

Prospects are favorable for continued large U.S. exports of variety meats, lard, tallow, grease, cattle hides, and calfskins in 1961. Tallow exports may exceed the record set in 1960. Not much change in lard exports is expected in 1961, but increased U.S. production late in the year is likely to encourage shipments. This prospect could change if there is a sharp drop in exports to Cuba, which has been the second largest export outlet. U.S. exports of variety meats set another record high in 1960 as France and the United Kingdom eased import restrictions. A continuation of this trend is expected in view of the large supplies for export and the strong demand for this product in foreign countries, particularly Western Europe. As for cattle hides and calfskins, exports may rise above the large shipments of 1960; the United States has replaced Argentina as the world's largest exporter of cattle hides.

The formation of the European Common Market will have considerable effect on U.S. exports of lard, fatback, and variety meats but is not expected to have much effect on shipments of inedible tallow, sausage casings, bovine hides and skins, and mohair.

## CURRENT WORLD SITUATION

### Livestock

World livestock numbers continued the upward trend that has been apparent since World War II. World numbers of cattle, sheep, and hogs increased from 2,425 million head on January 1, 1959, to 2,474 million head on January 1, 1960, a 2-percent rise. It is expected that there was a further slight increase during 1960. For the first time, world cattle numbers exceeded 1 billion head and, with the exception of Africa, cattle numbers were higher for all major areas. Hog numbers increased in all of the major areas of the world and, while total sheep numbers increased, there was some decline in Europe and Asia.

Meat consumption in most countries is continuing to rise as the standards of living improve. The higher consumption and relatively high livestock prices have encouraged growth in livestock numbers. Prospects for meat-animal producers, for the world as a whole, continue to be very good.



TABLE 1.--Meat and livestock products: U.S. and foreign production, consumption, and trade, average 1951-55 and annual 1959, with comparisons

Commodity	Average 1951-55		1959 <sup>1</sup>		Percent change, 1959 over 1951-55 average	
	Foreign	United States	Foreign	United States	Foreign	United States
Beef and veal:	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Percent</i>	<i>Percent</i>
Production.....	29,057	12,885	34,455	14,624	+18.6	+13.5
Pork:						
Production.....	22,008	10,775	30,094	12,110	+36.7	+12.4
Mutton, lamb, & goatmeat....	6,019	678	7,865	738	+30.6	+8.8
All meat, incl. horsemeat:						
Production.....	57,244	24,338	73,032	27,472	+27.6	+12.9
Exports.....	4,206	140	6,402	117	+52.2	-16.4
Imports.....	4,184	467	5,233	1,306	+25.1	+179.7
Consumption.....	57,222	24,665	71,863	28,661	+25.6	+16.2
Lard: <sup>2</sup>						
Production.....	6,201	2,618	9,512	2,803	+53.4	+7.1
Exports.....	113	555	262	604	+131.9	+8.8
Imports.....	733	---	796	---	+8.6	---
Consumption.....	6,821	2,063	10,046	2,199	+47.3	+6.6
Tallow and greases: <sup>2</sup>						
Production.....	2,503	2,897	3,406	3,574	+36.1	+23.4
Exports.....	291	1,024	545	1,488	+87.3	+45.3
Imports.....	1,492	3	1,672	3	+12.1	---
Consumption.....	3,704	1,876	4,533	2,089	+22.4	+11.4
Variety meats:						
Production.....	<sup>3</sup> 1,478	1,670	<sup>3</sup> 1,728	1,860	+16.9	+11.4
Exports.....	<sup>4</sup> 150	30	<sup>4</sup> 210	91	+40.0	+203.3
Sausage casings:						
Exports.....	---	17	---	18	---	---
Imports.....	---	13	---	15	---	---
Mohair:						
Production.....	23	14	25	24	+8.7	+71.4
Exports.....	13	2	19	18	+46.2	+800.0
Wool:						
Production (greasy).....	4,244	296	5,259	316	+23.9	+6.8
Exports (actual weight)...	2,314	1	3,068	---	+32.6	---
Imports (actual weight)...	1,917	441	2,654	395	+38.4	-10.4
Consumption (clean).....	2,045	457	2,741	439	+34.0	-3.9

<sup>1</sup> Preliminary. <sup>2</sup> Production includes estimates for Mainland China. <sup>3</sup> Includes Argentina, Australia, New Zealand, Denmark, Canada, Ireland, Uruguay, the United Kingdom, and West Germany. <sup>4</sup> Includes Argentina, Australia, New Zealand, Denmark, Canada, Ireland, and Uruguay.

## Meat

World meat production continued to rise in 1960, in line with the increase in livestock numbers, and is expected to reach 102 billion pounds. It is expected to increase in 1961 also. Larger pork production accounted for most of the gain in 1960, although beef, lamb, and mutton production also were higher. The increase in 1961 will be due primarily to beef and pork. Cattle slaughter in Argentina and the United States will continue to increase, and an upturn in pork production in Canada and the United States is expected.

In 1959, world meat production totaled over 100 billion pounds, 3 percent more than in 1958 and 23 percent greater than the 1951-55 average. Beef and veal production declined 1 percent from 1958 to 1959. Most of this decline occurred in Argentina, where beef and veal production was down 30 percent from 1958. Production in 1959 was 3,902 million pounds, the lowest since 1953. Low prices and the withdrawal of government controls are mainly responsible for this drop in Argentina. Production in 1960 will increase slightly as both numbers and prices have increased.

A gain in both pork and lamb and mutton production more than offset this decline in beef production. These two meat products each rose 8 percent from 1958 to 1959. Substantial increases in Canada and the United States account for most of the upswing in pork, and Australia and New Zealand for most of that in lamb and mutton production.

World meat trade dropped slightly from the record level of 1959. This is primarily due to increased imports by Canada and the United States, as production in these countries, particularly beef, was substantially higher. In the United States, meat imports declined sharply in 1960 because of lower prices and increased domestic production. Exports are likely to continue lower in 1961.

U.S. imports of meat in 1959 rose to the record level of 1.3 billion pounds, equal to 20 percent of recorded world exports and equal to about 4.8 percent of total U.S. production of red meat. As in 1958, low-quality beef and mutton accounted for most of the imports. Imports of lightly salted beef from South America were banned early in the year and, consequently, imports declined sharply.

Imports by the United Kingdom rose slightly during 1959, to 3.4 billion pounds and again accounted for over 50 percent of the world's total. Imports by Western Europe, including the United Kingdom, also rose slightly in 1959 and accounted for 66 percent of all meat entering world commerce--a drop of 4 percent from 1958. West Germany's meat imports increased by 50 percent during the year and, following Italy, was the third largest market in Western Europe. Also contributing to the increased volume of trade in 1959 were the continued high imports by Canada and the large volume of meat imported by Poland.

Exports from Australia, New Zealand, Denmark, the Netherlands, and Poland were higher in 1959, while Argentina and Ireland continued as large exporters but at a reduced rate.

In 1959, world demand for pork continued strong; however, hog prices declined quite sharply in North America during the latter part of the year. In 1960, pork production was sharply reduced in Canada and the United States and prices in these countries improved substantially, mainly because of a sharp reduction of marketings.

Continued strong demand, particularly for pork variety meats in West Europe, stimulated the exportation of these products from North America in 1959. Exports of pork and pork products also increased, primarily to the Central and Latin American countries. U.S. total meat exports increased 23 percent in 1959, with variety meat exports accounting for most of the gain.

## Lard

World rendered lard production in 1960 was 8,625 million pounds, again at a record level. However, the increase in 1960 was not as large as in 1958 and 1959. Lard production declined in both the United States and Canada in 1960, but the increased production in Western Europe, primarily in the Netherlands and Belgium and West Germany, more than offset this decline. Lard production in 1961 is again expected to be higher, as world hog slaughter increases.

World exports of lard in 1960 will total about 900 million pounds, compared with 866 million in 1959. U.S. exports in 1960, at an estimated 620 million pounds, is 3 percent higher than in 1959. They will account for about 69 percent of the world's lard trade, about the same as in 1959. World exports are not expected to increase appreciably in 1961.

Increased supplies and competitive prices during the early part of 1960 have tended to make U.S. prices competitive in the world markets. The United Kingdom and Cuba continue to be the largest markets for U.S. lard.

## Tallow and Greases

World tallow and grease production in 1960 was 7.2 billion pounds, substantially higher than the 1959 production of 6.8 billion. This trend is expected to continue in 1961, as slaughter of cattle and hogs in the major producing countries is likely to increase. The United States produced 3,950 million pounds in 1960, an increase of 7 percent. This increase accounted for most of the gain in 1960 production. The United States produces over 50 percent of the world's tallow and grease.

World exports of tallow and grease will total about 2.4 billion pounds in 1960, up 17 percent from 1959 and a new record. Increased exports from the United States account for most of this gain; shipments from the other major suppliers were only slightly above a year ago. In 1961, U.S. exports are expected to increase further, as the upward trend in cattle slaughter continues; thus, domestic supplies and prices will be favorable for export.

Japan, Italy, the Netherlands, and the United Kingdom continued to be the major markets for tallow and grease in 1960.

## Wool

World wool production at 5,565 million pounds in 1960 was down slightly from the previous year. As usual, the five Southern Hemisphere countries--Australia, New Zealand, Union of South Africa, Argentina, and Uruguay--accounted for over half of the world's production. Lower output in Australia, Argentina, the United Kingdom, and the Union of South Africa are responsible for the small decline in 1960; production in the other major producing countries is expected to increase.

World wool consumption in 1959 was 13 percent above 1958 and a new record. Consumption increased in all of the major consuming countries of the Free World. In 1960 it leveled off and is expected to be about the same as last year.

Carryover stocks in the major producing countries at the beginning of the 1959-60 season were very low--only 155 million pounds, clean basis, compared with 270 million pounds the previous year. Stocks at the beginning of the 1960-61 season are also quite low, as disposal of stocks held by governments and the wool commissions were generally good.

Wool prices which improved substantially in 1959, declined sharply during the early weeks of the 1960 season, but improved somewhat as demand increased, especially for better grades. In October, Dominion prices ranged from 12 to 16 percent below those of last year, with the larger decrease in the medium grade wools.



## Mohair

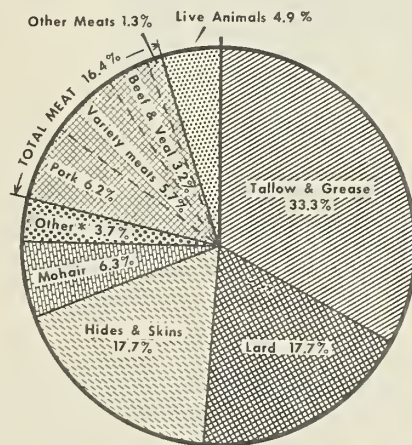
World mohair production is estimated at about 53 million pounds in 1960. This is 6 percent above the 50 million pounds produced in 1959.

## THE UNITED STATES IN THE WORLD SETTING

Byproducts are the main livestock products exported from the United States. However, exports of meat animals and meat animal products rose 18 percent to \$350 million in 1959 and are expected to show a further increase in 1960. Byproducts accounted for 79 percent of the value of livestock industry exports in 1959. Tallow and greases made up 33 percent of the total, lard and hides and skins both 18 percent. Carcass and variety meats accounted for another 16 percent.

Imports of livestock and meat products consist mainly of meat products, wool, and hair not produced in sufficient quantity for domestic needs, and of cattle for feeding and breeding. In 1959, meat was nearly 49 percent of total imports and wool 29 percent. In 1960, meat imports are declining, and imports of wool will probably be below the high 1959 level. The sharpest drop is expected in duty-free carpet wool, which is not produced in the United States.

### Byproducts Are Major Items In U. S. Livestock Exports



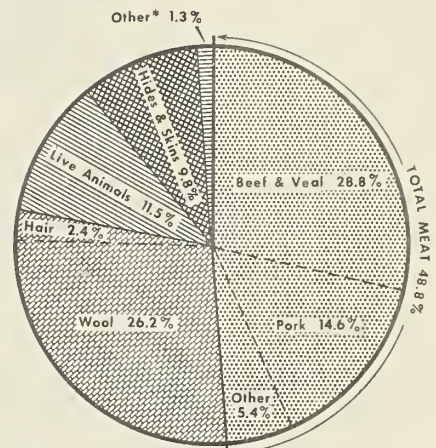
BASED ON 1959 EXPORTS VALUED AT \$340 MILLION

\* CASINGS, WOOL AND ANIMAL HAIR

FAS-NEG. 2101

USDA

### 87% of U. S. Livestock Imports Are Meats, Wool, and Live Animals



BASED ON 1959 IMPORTS VALUED AT \$780 MILLION

\* CASINGS AND ANIMAL FATS

FAS-NEG. 2100

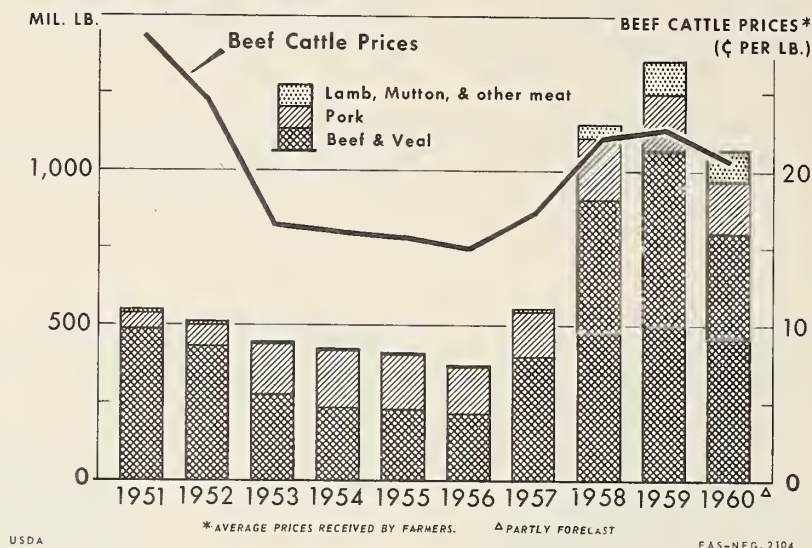
## Meat

The record level of U.S. meat imports in 1959 accounted for about one-fifth of the meat entering world trade, but was a somewhat smaller percentage of the trade in 1960 as imports dropped substantially. The United States drew unusually large imports from Australia, New Zealand, Ireland, Brazil, Paraguay, Costa Rica, Cuba, Nicaragua, and Honduras, but average to relatively small amounts from Argentina, Mexico, and Canada.

With about 102 million head of cattle, 58 million hogs, and 34 million sheep, the United States produced around 28 billion pounds of meat in 1960, or about 27 percent of total world production. In fact, the United States is by far the largest producer, producing more than twice as much as the USSR, which holds second place. U.S. production increased slightly in 1960 as did that for the world generally.

The unusually heavy imports of cattle and beef during 1959 (on a carcass weight basis) amounted to 8.5 percent of domestic beef and veal production--about the same as a year earlier. However, in 1960, imports of both cattle and beef declined substantially, and domestic production rose; in January-September, imports were 7.3 percent of domestic production. The large imports were encouraged by relatively good beef prices in the United States, particularly for the lower grades as a result of the small but increasing domestic cow slaughter.

### U. S. Meat Imports Decline Sharply As Cattle Prices Ease Off



A further rise in U.S. beef and veal production is expected next year with another moderate increase in the slaughter of cows. As a result imports of beef are expected to decline again.

### Livestock

Increased supplies of domestically produced feeder cattle were partly responsible for the substantial decline in U.S. imports of cattle during 1960. For the first 8 months, they were down 20 percent from a year earlier; down 14 percent from Mexico; and 30 percent from Canada. In 1959, imports of all cattle and calves totaled 709,000 head compared with the record 1,152,000 a year earlier.

Although the number of cattle grainfed for market in the United States continued very large in 1960, prices paid for feeders were not high enough to attract such large numbers from foreign countries as in the previous two years. The sharply reduced pork production in Canada helped strengthen Canadian cattle prices, and demand for beef in both Mexico and Canada continued strong.

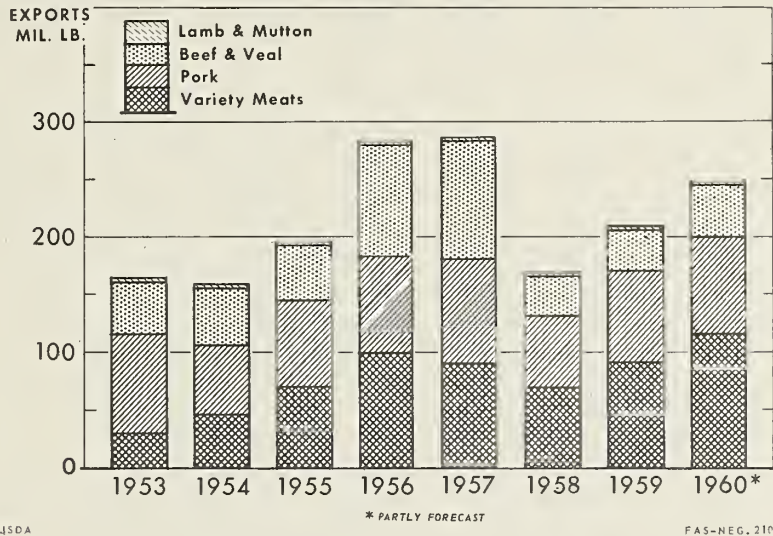
A new development during 1959 was the arrival in California of 3 large shiploads of lambs from Australia. These lambs were fattened and upon release from quarantine were slaughtered. Total imports during 1959 of 75,521 head included 48,137 from Australia and practically all of the remainder from Canada. Total imports were the largest since 1944. However, they were not large relative to domestic slaughter. Several more shipments of lambs from Australia entered during 1960.

U.S. imports of mutton dropped sharply in 1960, as supplies of processing beef increased in the United States. Most mutton imported is boneless meat from Australia, which is used in frankfurters, bologna, and similar processed products.



U.S. imports of dressed lamb continued to rise in 1960 but the imports amounted to only around 2 percent of domestic production of lamb and yearling. Imports are mostly boxed frozen wholesale cuts. Imports may continue to rise in 1961.

## U. S. Meat Exports Increase in 1960 As Variety Meats Make Biggest Gain



### Variety Meats

The 1959 exports of variety meats--at 91 million pounds--were 31 percent higher than in 1958. Shipments were valued at \$19 million, up 22 percent from 1958. In 1960, larger U.S. supplies and the removal or reduction of trade barriers stimulated higher exports. During January-September, U.S. exports totaled nearly 75 million pounds, 31 percent greater than a year earlier.

The United States has been enjoying a brisk export trade in frozen beef and lamb variety meats to the United Kingdom following liberalization of this trade in November 1959. U.K. imports from the United States in the first 9 months of 1960 rose to 20.8 million pounds and accounted for 15 percent of total imports. The United States was the United Kingdom's second largest supplier of beef variety meats and the third largest supplier of lamb variety meats. In the first 3 quarters of 1958, imports of variety meats from the United States totaled 3.2 million pounds, but rose to 6.7 million in the same period of 1959.

U.S. exports of variety meats to France have also risen as France has been progressively removing restrictions on this trade. Exports during the first 9 months of 1960 mounted to 6.6 million pounds compared with 3.5 million a year earlier and 4.6 million for the whole of 1959. France fully liberalized imports of pork livers on January 1, 1960, and also permitted greatly increased imports of beef tongues.

### Lard

Lard exports by the United States in 1960, at 620 million pounds, were about 3 percent higher than in 1959 and the largest volume since 1952. The U.S. share of the world lard trade in 1960 was 69 percent compared with 70 percent in 1959 and 78 percent during 1951-55.

TABLE 2.--Livestock, meat, and meat products: U.S. exports, volume and value, annual 1957-59

Commodity	Quantity			Value			1959 value as percent of	
	1957	1958	1959 <sup>1</sup>	1957	1958	1959 <sup>1</sup>	1957	1958
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. dol.	Mil. dol.	Mil. dol.	Percent	Percent
Beef and veal.....	88.5	24.8	27.4	28.9	9.7	10.9	38	112
Pork.....	78.0	54.2	70.9	27.7	20.5	20.9	75	102
Lamb & mutton (except canned).. Sausage, bologna, & frank- furters.....	1.3 9.9	.7 4.2	.8 3.5	.7 5.5	.5 2.3	.4 1.9	57 35	80 83
Meat & meat products, canned, n.e.c.....	7.4	5.3	4.5	2.2	1.5	1.1	50	73
Baby food, canned.....	1.2	1.7	1.7	.5	.7	.7	140	100
Horse meat (all kinds).....	7.2	3.9	1.4	1.9	1.1	.5	26	45
Variety meats.....	91.2	69.6	91.3	18.7	15.9	19.4	104	122
Sausage casings, natural, hog.. Sausage casings, natural, n.e.c.	8.4 10.1	8.3 8.4	11.0 7.4	6.9 3.3	8.4 3.4	8.5 2.6	123 79	101 76
Lard.....	501.3	388.9	604.2	74.5	52.3	60.2	81	115
Tallow and greases <sup>2</sup> .....	1,391.8	1,119.7	1,464.3	121.1	97.4	113.1	93	116
Mohair.....	10.0	13.2	18.6	11.8	11.9	21.6	183	182
Hides and skins.....	Mil. pcs. 11.2	Mil. pcs. 9.8	Mil. pcs. 7.1	64.9	53.3	60.2	93	113
Livestock:	1,000 head	1,000 head	1,000 head					
Cattle and calves.....	43.9	25.6	50.7	12.0	7.9	15.7	131	199
Sheep and lambs.....	36.0	17.5	21.9	.7	.4	.5	71	125
Hogs.....	3.9	.9	12.7	.3	.1	.5	167	500
Total.....	---	---	---	381.6	287.3	338.7	89	118

<sup>1</sup> Preliminary. <sup>2</sup> Includes inedible tallow, inedible animal greases and fats, inedible animal oils, n.e.c., neatsfoot oil stock, oleic acid or red oil, and stearic acid.

### U. S. Lard Exports to U. K. Continue Upward As Total Shipments Stay Near 1959 Level

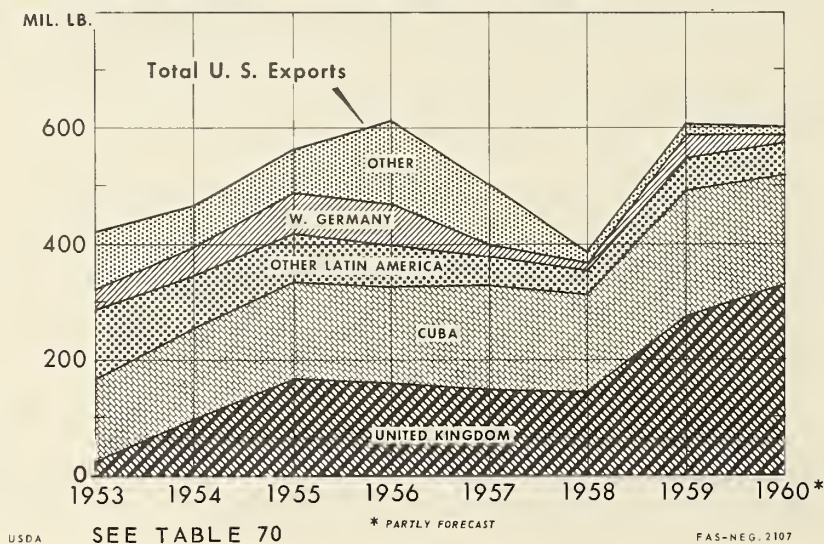




TABLE 3.--Livestock, meat and meat products: U.S. imports, volume and value, annual 1957-59

Commodity	Quantity			Value			1959 value as percent of	
	1957	1958	1959 <sup>1</sup>	1957	1958	1959 <sup>1</sup>	1957	1958
	<i>Mil. lbs.</i>	<i>Mil. lbs.</i>	<i>Mil. lbs.</i>	<i>Mil. dol.</i>	<i>Mil. dol.</i>	<i>Mil. dol.</i>	<i>Percent</i>	<i>Percent</i>
Beef and veal.....	232.5	477.8	626.2	59.3	152.8	225.0	379	147
Pork.....	133.0	182.7	174.9	97.9	125.8	114.3	117	91
Lamb and mutton.....	3.5	24.0	56.8	.8	5.5	13.5	1,688	245
Other canned, prepared or preserved.....	15.2	141.4	96.2	4.1	32.5	27.0	659	83
Variety meats, edible, fresh or frozen.....	.3	2.1	2.3	.1	.5	.8	800	160
Casings, sheep, lamb & goat....	5.0	4.9	4.5	11.6	10.2	6.4	55	63
Other natural casings.....	11.6	11.4	10.1	4.1	4.2	3.9	95	93
Lard.....	---	---	---	---	---	---	---	---
Tallow and greases <sup>2</sup> .....	5.2	1.9	2.9	.4	.2	.1	25	50
Hides & skins.....	<i>Mil. pcs.</i>	<i>Mil. pcs.</i>	<i>Mil. pcs.</i>					
	45.5	47.5	62.3	38.0	45.2	76.4	201	169
Livestock:	<i>1,000 head</i>	<i>1,000 head</i>	<i>1,000 head</i>					
Cattle.....	727.9	1,152.4	708.8	70.9	137.3	88.8	125	65
Sheep <sup>3</sup> .....	17.8	39.8	75.5	.3	.7	.7	233	100
Hogs <sup>4</sup> .....	.7	9.1	2.4	.1	.4	.1	100	25
Total.....	---	---	---	287.6	515.3	557.0	194	108

<sup>1</sup> Preliminary. <sup>2</sup> Includes edible and inedible tallow, oleo oil and stearin, animal oils and fats, n.e.c., stearic acid, animal fats and greases, n.e.c., and animal oils. <sup>3</sup> Includes hair sheep and cabretta skins. <sup>4</sup> 200-pound equivalent.

During 1960 the United States increased its lard exports to the United Kingdom by 55 million pounds, while shipments to Cuba and West Germany each declined about 5 million pounds. The increase in total exports in 1960 is contributed to reduced supplies in other countries and generally favorable prices during most of the year. Shipments during the latter part of the year began to decline as lard prices increased substantially. Lard output in Western Europe increased slightly in 1960 and will probably show a further increase in 1961.

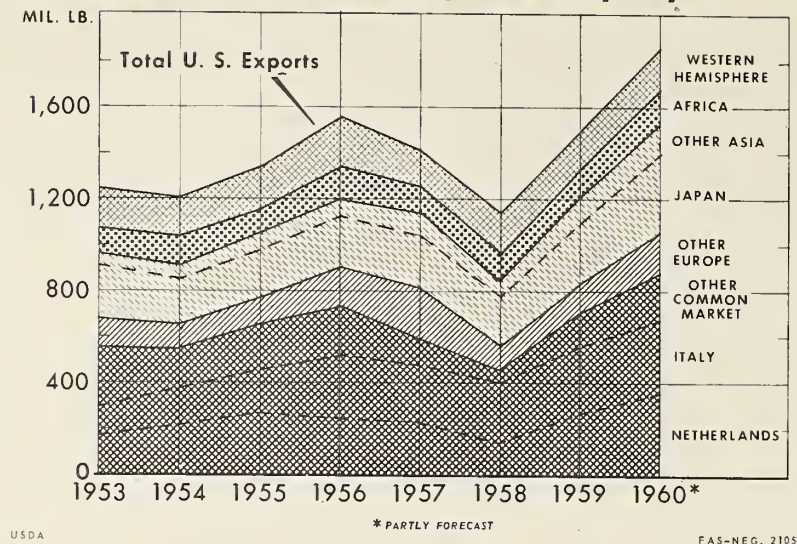
### Tallow and Greases

In 1960, the United States produced over half of the world's tallow and greases and accounted for 74 percent of the world trade. U.S. output totaled 3,950 million pounds--11 percent above 1959.

The increase in tallow output in 1960 corresponds closely with the increase in U.S. cattle slaughter. Grease production declined slightly as hog slaughter dropped. Production of both tallow and grease in 1961 will increase as cattle slaughter continues to rise along with a slight increase in hog production.

U.S. exports in 1960 at 1,750 million pounds were about 18 percent above those of last year as shipments to most major destinations increased sharply. Exports to the Netherlands, Italy, and Japan, the largest markets, were considerably above a year ago. Increased production and relatively low prices have again stimulated exports, as they are expected to do in 1961.

## U. S. Tallow and Grease Exports Set Record; Common Market Area and Japan Are Top Buyers



Increased soap production in other countries has resulted in a continued rise in the use of tallow in soap manufacturing.

### Casings

Production statistics are not available for natural casings, but production is in excess of utilization. In the United States and in other countries, demand has been declining during the past several years as a result of the rapid growth in the use of synthetic casings. Production of synthetics has more than doubled in recent years.

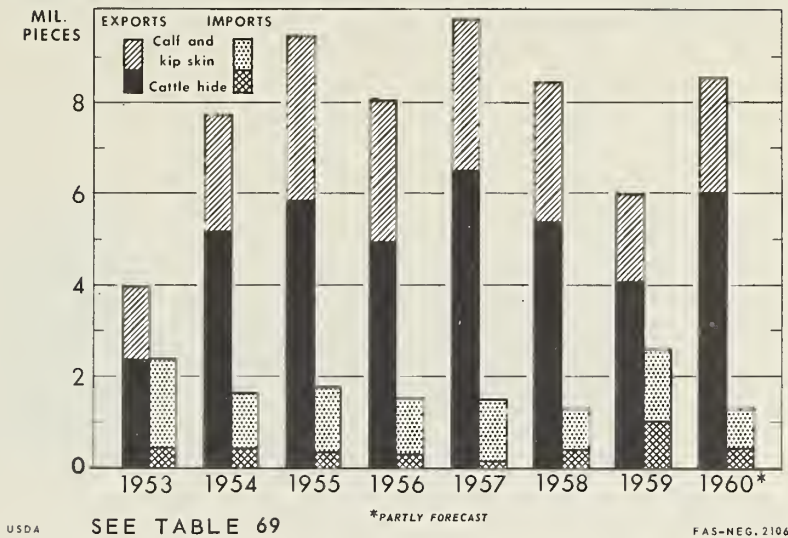
U.S. exports of hog and beef casings have averaged about 18 million pounds annually. These exports have gone chiefly to Western Europe, Australia, and New Zealand. The United States imports about 5 million pounds of sheep and lamb casings, primarily from Australia, Argentina, and New Zealand and about 11 million pounds of other natural casings--mainly from Canada, Denmark, and Argentina.

### Hides and Skins

U.S. production of bovine hides and skins increased quite sharply in 1960, reversing the downward trend of the past 3 years. Although world production estimates are not available, they are also expected to be higher. However, production during 1960-61 in Australia is expected to be down because of reduced slaughter owing to the drought in Queensland.

In 1959, U.S. exports of bovine hides and skins declined sharply to about 6.0 million pieces as prices rose with increased demand and reduced supplies in both Argentina and the United States. Prices during mid-1959 were nearly double those of a year earlier. As a result, exports declined and imports rose. During the latter part of 1959 prices were down considerably, as cattle slaughter increased. These relatively low and stable prices carried on through 1960. Exports in 1960 rose to about 8.5 million pieces, the highest since 1957, while imports declined. World demand strengthened considerably, as supplies in Argentina continued quite low. Australia, normally a large exporter, began importing hides in late 1960.

## U. S. Hide and Skin Exports Up While Imports Decline in 1960



U.S. exports in 1961 should again be higher as production continues to increase. The United States may, in 1961, again be the world's largest exporter of bovine hides and skins.

Japan, Western Europe, and Canada are the principal markets for U.S. exports, but increased use of synthetics in these areas continues, and will tend to curtail very large increases in the use of leather.

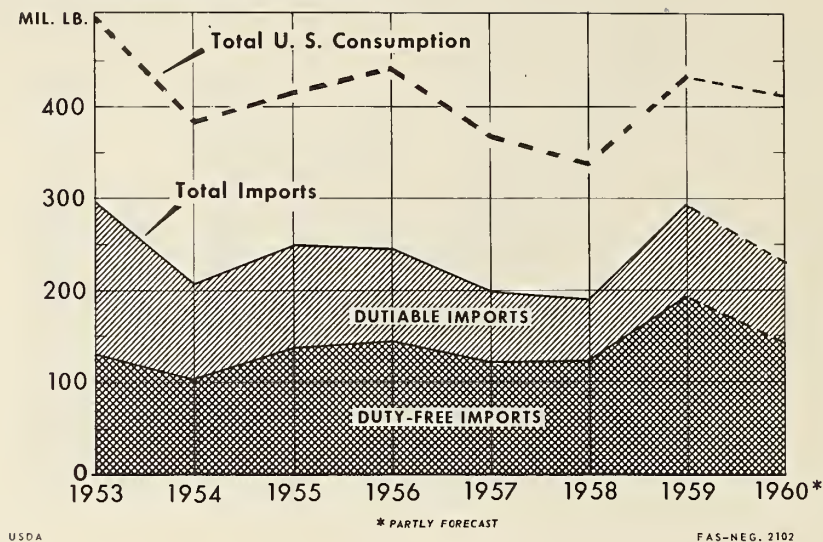
### Wool

Nearly all of the carpet wool used in the United States and about half of the apparel wool are imported. Carpet wool imports in 1959 were 192 million pounds, clean basis, and apparel wool imports, 101 million pounds. With a leveling off in the consumption of wool and because of higher raw wool stocks on January 1, 1960, imports this year were considerably below those of 1959. Duty-free imports (carpet wool) were down 20 percent during January-August 1960 and dutiable imports (apparel wool) were 26 percent lower.

U.S. mill consumption of apparel wool was about 245 million pounds in 1960 compared with 261 million pounds last year. Carpet wool mill use was about 165 million pounds compared with 168 million pounds in 1959. This reduction is attributed to the decline in the retail sales of apparel items, continued strong competition of non-cellulosic man-made fibers, the increase in imports of wool manufactures, and a decline in residential construction. Therefore, domestic consumption of wool--mill consumption plus the foreign trade balance of wool manufactures--in 1960 will be about the same as in 1959. Little change is expected in 1961.



## U. S. Wool Imports Drop As Consumption Declines



### Mohair

The United States, Turkey, and the Union of South Africa account for most of the world mohair production. With production steadily increasing in the United States, it is now the world's leading producer. U.S. production increased sharply in 1959 to 24 million pounds, 16 percent above 1958. During 1960, production was up 5 percent from 1959--to 25.5 million pounds.

U.S. exports in 1959 totaled 18.6 million pounds, or about 77 percent of the clip. Western Europe, led by the United Kingdom and the Netherlands, has been the major market. Exports in January-September 1960, however, were 41 percent below last year as demand in most of the major markets--notably the Netherlands and the United Kingdom--declined.

Mohair prices ruled strong early in 1960 but were generally showing a steady decline as the year progressed. Boston prices for adult hair early in the year ranged from \$1.01½ to \$1.10 per pound, while during the late fall they ranged from \$.71½ to \$.76½. Prices for kid hair also declined, with early-season prices ranging from \$1.31½ to \$1.40 down to \$1.01½ to \$1.16½ late in the fall. Farm prices are still above the support level of 70 cents per pound.

### BUILDING WORLD MARKETS

During 1960 continued emphasis has been placed on the development of foreign markets for livestock, tallow, hides and skins, lard, and variety meats. This year, government and industry representatives visited 20 countries--Jamaica, Mexico, Japan, Hong Kong, the Philippines, the Netherlands, West Germany, France, Spain, Italy,



Greece, Austria, Switzerland, United Arab Republic, Poland, Ecuador, Chile, Peru, Colombia, and England. In these countries, concerted efforts were made to reduce and preferably to eliminate foreign trade barriers, improve cooperation between exporters and importers, and study the existing and more particularly the potential markets for U.S. livestock and meat products.

### Promotional Activities

In Japan, a soap and tallow promotional program, begun in 1957, was extended for 3 years. This program has been highly successful; U.S. exports of tallow to Japan have increased nearly 70 percent since the program began, and this year, Japan replaced Italy as the leading export market for U.S. tallow. As one phase of this project, a five-member tallow study team from Japan visited the United States in November 1960. While in the United States the team visited rendering plants, research institutes, importing and exporting groups, soap manufacturers, U.S. advertising agencies, and attended the Annual Convention of the National Renderers Association. The group had opportunities to discuss with representatives of U.S. industry and governmental officials the various phases of advertising, marketing, and distribution of soap and tallow in the United States.

Another promotional program in Japan--this one for leather--was recently begun with the cooperation of the National Hide Association, the Western States Meat Packers Association, and the Japanese leather industry. Japan is the leading export market for U.S. hides and skins.



U. S. canned and prepackaged meats and lard were featured at the London Food Fair. For the first time British housewives saw a display of meat items that are commonly available in American supermarket.

Based on the results of a study conducted in 1959, a soap promotional program similar in nature but smaller in scope than the one in Japan was initiated in Colombia during 1960. This project was so designed that the entire program could be readily adapted to other Latin American countries where opportunities for expanding U.S. tallow and grease exports exist.

A new tallow study undertaken during the year was made by a three-member team composed of a USDA marketing specialist and two representatives of the U.S. tallow industry. Their study took 3 months and covered nine Western European countries and Egypt. Its objective was to evaluate the existing markets and more especially to ascertain the most effective methods for developing potential markets for tallow, grease, and animal protein feeds. As an aid to this promotion, the team showed the movie "The Raw Material of Magic" to interested trade groups. This movie had been produced in an earlier phase of the project. On the basis of the team's findings, several market development activities have been initiated which are expected to increase exports of U.S. tallow, grease, and animal protein feeds.

Meat and meat products have also been promoted through participation in international trade fairs. In September 1960, the Department in cooperation with the American Meat Institute had a display at the London Food Fair featuring U.S. canned and prepared meats and lard. This program was designed to strengthen and maintain our lard exports to the U.K.--our leading lard market.

### Promoting Livestock Exports

During 1960, a many-sided market development program in cooperation with various U.S. livestock breed associations was conducted in many countries to encourage



James Lankford, Assistant U. S. Agricultural Attaché to Colombia and Veldavio Diaz, Agricultural Economist in the Attaché's office, inspect air shipment of U. S. purebred sheep upon arrival in Bogotá.

U.S. livestock sales abroad. Livestock specialists judged livestock expositions, explained U.S. breed characteristics and advantages, and provided the points of contact for export sales of breeding livestock. During 1960, a U.S. swine judge participated in the National Agricultural Exposition in Santiago, Chile. U.S. cattle judges participated in livestock expositions and served as judges in Piura, Peru, Guayaquil, Ecuador, and Girardot, Colombia.

Groups of foreign buyers have also been brought to the United States to purchase high-quality American purebred livestock. In July of 1960, a 2-member team from Colombia purchased 750 head of purebred sheep and 9 head of cattle. In September a follow-up team purchased an additional 250 head of purebred sheep.

Also a beef cattle purchase team from Ecuador visited the United States and purchased approximately \$100,000 worth of beef cattle, and a 3-member sheep purchase team from Ecuador bought about 600 head of purebred sheep here.



## Participation in Trade Association Meetings

As in years past, FAS participated in various trade association meetings where, through speeches, discussions, and informal talks, the importance and problems of the export market were emphasized. Examples of this type of activity were talks given before the National Hide Association, National Association of Importers and Exporters of Hides and Skins, Annual Convention of the National Renderers Association, American Meat Institute, Pan American Livestock Exposition, Michigan Farm Bureau Federation, and Hog Cholera Eradication meetings before various groups in New York, New Orleans, Chicago, and Denver.

## Market Information

The publication of pertinent information on developments in foreign countries that might affect imports of U.S.-produced livestock and meat products has continued to be an important function of FAS. For example, in 1960, 15 circulars were published which covered world statistics on animal numbers, international trade in livestock and meat products, and production and consumption of meat. In addition, 14 world summaries were prepared and published in the monthly supplement Foreign Crops and Markets. Two major competitive studies were also completed during 1960 with the publication of circulars entitled "The Market for U.S. Livestock Products in Japan" and "Recent Trends in Argentina's Livestock Industry." Also, throughout 1960, approximately 300 spot market news reports were prepared for publication in "Foreign Crops and Markets", and "Spotlight." In general, these reports passed on to the trade, farmers, and the general public, information relative to current production, marketing, demand, and prices, as reported by the agricultural attachés stationed abroad. Foreign Agriculture magazine was also used to good advantage in an effort to bring to the attention of parties concerned interesting dissertations relative to such topics as "Hides and Skins", "U.S. Still Big Market for Tanning Materials", "U.S. Beef Supply Down in 1959 Despite Larger Imports", "New Zealand Sees Need for New Outlets", "Uruguay's New Livestock Program Promises Future Economic Gains", and "Canada Changes Hog Price Support Plan".

Arrangements were made to continue to send The Daily Yellow Sheet of the National Provisioner to about 30 agricultural attachés located in countries where there is a potential market for U.S. meat products. This Sheet gives Chicago prices for all types of meat products. Attachés are also provided with current meat inspection and grading regulations and with promotional material from U.S. livestock breed associations.

## Reducing Foreign Trade Barriers

During 1960, several countries reduced trade restrictions, permitting larger U.S. sales of livestock and meat products in these foreign markets. On the other hand, some foreign governments raised duties or other barriers during the year. However, the overall trend was toward further liberalization of trade policies, particularly in those countries which are the major markets for U.S. livestock and meat products.

Effective April 1, 1960, Japan placed lard and tallow under the Automatic Approval System (A.A.), which permitted imports to be licensed without a value limit. Japan was the second largest market for U.S. tallow in 1959, and shipments have increased further since the liberalization.

Japan also placed cattle hides and calf and kip skins on the Automatic Approval list on July 1, 1960. Prior to July 1 these hides and skins imported from dollar countries were subject to the Foreign Exchange Allocation System (F.A.), which limited the quantity which could be brought in. Japan has consistently been the largest foreign market for U.S. cattle hides. The United States should now regain a larger share of Japan's import market for these items.

Legislation to raise the Japanese import duty on lard has been introduced to encourage imports of white hog grease for Japanese refineries to process into lard and shortening, rather than to import the finished lard. The duty on lard is to be raised from 5 percent to about 20 percent ad valorem while it would remain at 5 percent on grease. Japanese imports of U.S. white hog grease have risen sharply in 1960 and Japan is now the second largest U.S. market. U.S. tallow exports to Japan have also increased substantially in 1960 and it is now the leading U.S. market.

U.S. tallow sales to Spain surged upward since licensing was resumed in July 1959. Total 1959 exports reached 10 million pounds, of which 9 million were shipped in September-December. This was in sharp contrast to the 1958 total of 1.4 million pounds. Import licenses were issued by Spain for about 40 million pounds of tallow in 1960 and the United States obtained a large share of this business.

During an official U.S.-Danish conference in early 1960 the Danes reported that their dollar export incentive scheme would be terminated in January 1, 1962. Since August 1952 the Danish Board of Supply has maintained a dollar export incentive arrangement whereby exporters of canned hams and other meat products to the United States have received bonuses amounting to a subsidy on such products of 6 percent. This export arrangement has imposed increased and unnatural competition for producers of canned hams in the United States. The premium on exports to the United States has been lowered to 4 percent in 1960 but will not be reduced to 2 percent in 1961 as previously announced. U.S. imports of meat from Denmark amounted to nearly 41 million pounds in 1959.

Since March 31, 1960, Uruguay has permitted tallow imports free from customs surcharges or prior deposits. Soap makers reported that tallow imports might reach 6,000 metric tons in 1960. As Argentine supplies were limited, the United States probably gained a substantial share of this market.

On March 19, 1960, Ghana relaxed its import licensing requirements. Meat products can now be imported from the United States under open general license.

On January 15, 1960, Italy removed quantitative restrictions on imports of guts, bladders, and stomachs of animals, and on meat extracts.

At the beginning of the year, Colombia reduced import duties on breeding livestock. The duty on pedigreed bulls was removed and on cows and heifers reduced from 50 to 20 percent ad valorem. Later in the year the prior deposit requirement was reduced from 130 percent to 20 percent. These actions have made it easier to sell U.S. livestock to Colombia.

Australia announced in April 1960 that imports of beef casings, bacon, hams and other meats would be permitted as part of a general trade liberalization program. However, quarantine restrictions prevent the entry of pork products from the United States, including canned products, because of hog cholera.

The United States has also been successful in developing special certifications whereby its products are allowed to enter foreign countries. An example of this type of activity is the Special Certificate that was worked out to accompany shipments of U.S. hogs to Venezuela.

### Existing Trade Barriers

Meats.--England, Scotland, and Wales have now technically approved the entry of imports of pork and pork variety meats originating in 32 States of the United States which outlaw the use of virulent hog cholera virus vaccine. However, U.S. packers have found it difficult to make the proper certification to satisfy the U.K. import requirements, and there have been no exports from the United States.



The British Ministry of Agriculture, Fisheries and Food, requires that pork imported from the United States be produced from hogs which: (1) are free of cholera at time of slaughter, (2) come from a State which does not use live virus vaccine, and (3) originate on farms free from cholera for at least 6 months.

Austria, Jamaica, Sweden, Denmark, Australia, New Zealand, British Guiana, Barbados, Colombia, and Belgium also prohibit pork products because of the "hog cholera situation" in the United States. (Jamaica permits the entry of salted and cured products.)

U.S. canned meats of all types and cooked pork meats may not enter the United Kingdom because of dollar restrictions. Uncooked pork and variety meats are under the veterinary control as enumerated above. Fresh and frozen carcass and variety meats of beef, veal, lamb, and mutton are fully liberalized.

Imports of meat products by Guatemala are prohibited or are subject to high import duties which seriously restrict this trade.

Venezuela limits imports of raw and cured hams and other pork products and prohibits imports of canned hams to encourage processing and hog production in that country.

West Germany issues import tenders for variety meats and fatback, thus limiting foreign supplies. Imports of most other meat items from the United States are not permitted, as Germany's import needs are supplied by other foreign countries under bilateral trade agreements.

Austria practically prohibits pork variety meat imports from the United States because of the hog cholera situation and a policy of securing a large part of its needs from East European countries under trade agreements. Tight import controls by the government make it impossible for the United States to expand its exports of pork, fatback, and canned meats.

In 1960 the Federation of Malaya imposed a 20 percent ad valorem import tax on baby food containing meat and on sausages not in airtight containers. This action has resulted in a sharp decline in imports from the United States either directly or as transshipments through Singapore and Hong Kong.

In Brazil pork products are in the "Special" import category. Imports must be made with dollars purchased at auctions. The premiums which have to be paid for dollars and the tariff duties are so high that imports from the United States are prohibitive.

Belgium removed quantitative restrictions on imports of pork and bacon on July 1, 1960, but imposed additional taxes on several imported meat products as follows in cents per pound: fresh or frozen beef, 6-3/4; fresh or frozen pork except bacon, 1-1/2; smoked and dried meat, 4-1/2; sausages, 4-1/2; cooked hams, 3-1/2; and other prepared or preserved meat, 3-1/2. The regular duty on imports of these products remains in effect at 12 percent ad valorem. Belgium controls imports of sausage casings, animal stomachs, and fresh and frozen horsemeat.

A sharp drop in hog prices has prompted Italy to ban imports of pork, hogs, and pork fats and to subsidize exports of fatback and lard. Imports of beef and live cattle are prohibited.

Canada gives imports of meat products from Australia and New Zealand tariff preference over imports from the United States making it difficult for the United States to export to Canada. Canadian tariff rates for products imported from New Zealand and Australia (in cents per pound) are as follows (rates for U.S. products in parenthesis): Mutton and lamb 1/2¢ (6¢); other fresh or frozen meats, 2¢ (2-1/2¢); canned beef, free (30 percent ad valorem); other canned meats, free (30 percent ad valorem) and tallow, free (17-1/2 percent ad valorem).

The United Kingdom import tariff for beef and veal variety meats (fresh, frozen, salted, dried, and smoked) except sweetbreads and tongues is 20 percent ad valorem. This is the highest rate for meat products in the U.K. schedule. U.S. exports of these products to the United Kingdom are greatly restricted by this high tariff as commonwealth countries, which are also big suppliers, enjoy a duty free status.

Luxembourg restricts imports of several livestock and meat products. The most important of these from the U.S. point of view are pork, bacon, prepared meats, and sausages.

Sweden is hesitant to issue import licenses for pork, horsemeat, and canned meats if domestic supplies are regarded as satisfactory. As an added protection to the domestic industry, import tariffs are adjusted upward when domestic meat prices decline.

Panamanian hog producers are receiving the benefit of high protective tariffs on hog products.

Norway practically precludes imports of meat products, except hides, skins and tallow by exchange and import controls.

On December 22, 1959, Mexico published a decree prohibiting imports of pork, beef and manufactured products prepared from these meats.

Lard.--Lard imports into Panama are limited by a quota of 205,028 gross pounds per month. On January 1, 1958, duty rates were raised on foreign products competing with local products. The duty on U.S. lard is now about 100 percent.

Mexico severely limits imports by import permits. Imports from the United States during 1959 were 68 percent less than in 1958.

Guatemala limited imports during 1960 to 50 percent of the quantity received in 1959. In mid-1960, this quota was lifted, but import duties were doubled.

Grenada still maintains import quotas on animal fats and oils, such as margarine, lard, and shortening.

Italy requires import licenses on imports from the dollar area of lard and other pork fats; unrendered tallow from bovines, sheep and goats; lard stearine, oleo stearine, lard oil and neatsfoot oil.

West Germany placed an import quota on fatback from the United States and Canada of 3.3 million pounds for 1960. This was a reduction of almost 50 percent in the quantity permitted from the dollar area during the previous year.

Belgium controls imports of lard and other pork fats under its licensing procedure.

In Brazil lard is in a "Special" import category. Therefore, not only is the duty rate of 60 percent applicable but imports must be made with dollars purchased in auctions. The premiums which have to be paid for dollars, are so high that imports from the United States are prohibitive.

Yugoslav imports of lard have ceased as a result of a rapid expansion of pork and lard production. Yugoslavia has a "flexible" control system which controls exports and imports of agricultural commodities. Yugoslavia imported 15 million pounds of lard in January-September 1959 with the United States the largest supplier. U.S. exports in 1959 were 7.8 million pounds compared with 15.5 million in 1958. There have been no shipments since June 1959.

Tallow and greases.--Mexico severely limits imports of tallow and greases through import permits. Imports from the United States in 1959 were 35 percent less than a year earlier.

U.S. exports of inedible tallow to the United Kingdom are subject to an import tariff of 10 percent ad valorem. Imports from other large suppliers--Australia, New Zealand, Canada--enter duty free under Commonwealth preference.

Canada maintains an import duty of 17-1/2 percent ad valorem on imports of tallow from the United States but has no tariff on imports from Australia and New Zealand which are the principal suppliers.

Hides and skins.--Austria requires special inspection certificates for hides imported directly from the United States or as transshipments from such countries as the Netherlands or Germany. Hides for shipment to Austria must not include hides from condemned animals. Special inspection supervision on shipments to Austria must be maintained in slaughter plants in the United States.

Casings.--The U.K. duty on imports of hog casings from the United States (valued at £ 10 per cwt. or less) is 10 percent ad valorem. The United States is at a distinct disadvantage in shipping to that market as Commonwealth countries, which are large suppliers, pay no duties.

## THE EUROPEAN COMMON MARKET

The formation of the European Common Market by Belgium, France, West Germany, Italy, the Netherlands, and Luxembourg will result in a new common external tariff for these 6 countries.

These new tariffs may have considerable effect on U.S. exports of some livestock products. Commodities which may lose ground in the Common Market because of a high external duty rate are lard, fatback, and variety meats. Exports of products having a low duty rate or none--such as inedible tallow, sausage casings, bovine hides and skins, and mohair--may increase if the overall level of economic activity and trade increases, as expected. The impact of tariff changes on U.S. exports will depend ultimately on the results of tariff negotiations with the EEC which began in September 1960.

The EEC provided a market for 79 percent of the fresh and frozen variety meats exported from the United States during 1959, 7 percent of the lard, 38 percent of the salted and cured pork, 46 percent of the inedible tallow and 70 percent of the other inedible animal fats (mainly hog fats).









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